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IN THE
Supreme Court of the United States
OCTOBER TERM, 1996

SUNBURST PRODUCTS, INC.,
d/b/a FREESTYLE U.S.A.,
Petitioner,

vs.

CYRK INTERNATIONAL PROSPEROUS ENTERPRISES
(Taiwan Ltd.), EVER WIN BAGS CO., LTD. and
GLORRIEUX INDUSTRIAL, LTD.,
Respondents.

PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITIONER'S REPLY BRIEF

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INTRODUCTION

The issues at this stage of the proceedings are merely whether there is a conflict among the circuits which needs to be resolved, and whether the Federal Circuit has deviated so far from established jurisprudential standards, by either failing to follow established precedent or by failing to afford appropriate deference to a jury's findings of facts, as to warrant the exercise of this Court's supervisory powers.

The conflict among the circuits is so clearly apparent that this petition for writ of certiorari should be granted. The efforts made by Respondent to sweep this conflict under the carpet by construing it as a mere disagreement over the evidentiary standards is both misleading and untruthful.

The Brief in Opposition illustrates how the Federal Circuit failed to follow the usual course of judicial proceedings in reversing the trial court in this case. Respondent acknowledges the vast variety of evidence which was presented at trial by petitioner to show that its design is inherently distinctive. The Federal Circuit's conclusion that there was "no evidence" was therefore entirely unsupported by the record.

This is neither the time nor the place to engage in a debate about the weight of the evidence before the trial court. Respondent does not serve this Court well by trying to misdirect the Court's inquiry and by grossly misstating the record.

RESPONDENT'S MISREPRESENTATIONS OF THE RECORD AND FALSE CHARGES AGAINST PETITIONER

Respondent makes statements which are directly contradicted by the very trial excerpts Respondent has included in the Brief in Opposition. These are pointed out to the Court only so that Petitioner properly complies with United States Supreme Court Rule 15.2.

At Appendix A-1 to the Brief in Opposition, Vic Yerby, the President of Sunburst, testified about the company's design team's conscious effort to avoid "me too" designs and to make the design "different looking than everyone else's," so that it would be, in Mr. Yerby's words, "uniquely ours." This testimony proves that Sunburst surveyed all other waist pack designs to develop a uniquely distinctive design.

Similarly, Respondent's unequivocal claim that all of the articles of luggage introduced into evidence at trial had "ceased being on the market years before design of Sunburst's waist pack" is not supported by similar unequivocal evidence. Indeed, the cited portions at A-15 through A-16 of the Appendix to the brief in opposition shows only that Mr. Shlopack, President of CYRK, was of the *belief* that these products *may* have ceased to have been sold. There was no proof that those designs were not still on sale at the time of Sunburst's introduction. CYRK had the opportunity to come forward with evidence of any designs that it believed were similar to Sunburst's design to show that Petitioner's design was not inherently distinctive. CYRK did not carry that burden and the jury was entitled to draw an adverse inference against CYRK for failing to introduce the evidence.

Contrary to CYRK's contention, Sunburst did present excerpts from sports magazines into evidence at trial as Exhibits 7 and 8 admitted on August 2, 1994. (See Joint Appendix, A244-254, A1200-1273). These magazines were referred to in the record and in the briefs before the Federal Circuit. (See p.9, Appellant's Opening Brief). CYRK's contention that the evidence was not presented is disingenuous and dishonest.

CYRK admitted copying Sunburst's products contending that it did not believe the waist pack to be unique at the time it copied. CYRK has previously admitted that the bottle design included in the waist pack was unique. Sunburst showed that the inclusion of this admittedly unique component to the trade dress rendered the entire trade dress unique. CYRK made the same arguments about reliance on patent counsel's advice on the absence of a patent before the jury in the trial court, as well as in the Court of Appeals. In all instances, it was clear that patent counsel did not conduct a trade dress analysis with respect to the Sunburst's product and that CYRK's personnel had no legal training in trade dress analysis. Whatever weight may be given to evidence of intentional copying, such evidence was before the Court.

THE FEDERAL CIRCUIT DID NOT APPLY THE STANDARD SET DOWN BY THIS COURT

It is true that the parties agreed upon the standard to be applied in this case. The standard was that set forth in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 112 S.Ct. 2753 (1992) for the protectability of trade dress and that set forth by *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342, 1344 (CCPA 1977) for determining whether a trade dress is inherently distinctive. The jury in the trial court applied this standard. The Federal Circuit did not.

The Federal Circuit properly stated the *Two Pesos* and *Seabrook* standards, but also articulated the standards of *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431, 1448 (3rd Cir. 1994), and the Third Restatement of Torts. Ultimately, the Federal Circuit turned the standard of *Two Pesos* on its head and improperly required proof of association as a condition of protection.

THE SPLIT AMONG THE CIRCUITS IS CLEARLY APPARENT

Contrary to CYRK's contentions, there is a split among the circuits on the standard to be applied in determining whether a product configuration is inherently distinctive.[1] A resolution of this split among the circuits is necessary and determination of the correct legal standard is required to decide whether the Federal Circuit committed error.

CYRK contends that all courts are properly extending protection to inherently distinctive designs. CYRK is wrong. The Second, Third, Fourth and Seventh Circuits, and now the Federal Circuit, are requiring proof of secondary meaning and/or are imposing other restrictions, before extending protection to inherently distinctive designs. These circuits are not applying *Two Pesos*.

Some courts have stated that, notwithstanding *Two Pesos* and *Qualitex Company v. Jacobson Products Co., Ltd.*, 115 S.Ct. 1300 (1995), product configurations cannot be or are unlikely to be inherently distinctive. See *Duraco* and *Knitwaves, Inc. v. Lolloytogs, Ltd. (Inc.)*, 71 F.3d 996 (2nd Cir. 1995).

Some courts have followed *Two Pesos* and the *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2nd Cir. 1976) tests that inquire into whether the design is merely descriptive and therefore not inherently distinctive, or whether it is not merely descriptive of the product, and therefore is inherently distinctive. *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995)

Other courts, most notably in the Eighth and Eleventh Circuits, apply the *Seabrook* standard, which looks to the market to determine

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[1]The split amongst the circuits is so pronounced in fact that Prof. Graeme B. Dinwoodie has published a 135-page law review article discussing the various conflicting standards applied by the Circuits. Prof. Dinwoodie concludes that the Second and Third Circuits are engaged in "blatant efforts at revisionism" and are employing tests which are irrelevant to the distinctiveness question. G. Dinwoodie, *Reconceptualizing the Inherent Distinctiveness of Product Design Trade Dress*, 75 N.C.L. REV. 471 (1997).

if the design claimed is unique and unusual, not common or basic to such products as a test of whether the design is merely descriptive. *INSTY*BIT, INC. v. Poly-Tech Industries, Inc.*, 95 F.3d 663 (8th Cir. 1996) and *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986).

A fourth set of courts, led by the Third Circuit, requires the additional proofs of "memorability," "conceptual separability" and "primary function as a trademark" over the *Seabrook* requirement of "uniqueness." *Duraco,*[2] *Knitwaves* and *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d (7th Cir. 1995).

The Federal Circuit properly articulated the standards of *Seabrook*, but did not apply it. The Federal Circuit reversed, claiming that there was no evidence to satisfy the *Seabrook* factors but, in this same brief decision admitted that there was evidence of uniqueness, unusualness, and implicitly therefore, evidence that the design is not a common basic shape of design.[3]

The Federal Circuits' ultimate determination of this case turned on a belief that Sunburst was required to prove that the unique design at issue was actually distinctive. In so doing, the Federal Circuit appears to have followed *Duraco,* which it also cited, which held that trade dress, to be inherently distinctive, must intrinsically function as a source identifier. This statement is contrary to this Court's holding in *Two Pesos*, that trade dress is capable of functioning as a source identifier if it is inherently distinctive. This is no minor distinction, nor is it a mere difference in evidentiary standards.

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[2]The Third Circuit test is untenable because "memorability" and "primary function as a trademark" are tests which are only capable of being applied after the mark has been in use and not at its onset. Therefore, memorability and primary function analyses are like secondary meaning analyses.

[3]The Court also noted that there was no evidence on the remaining factor set forth by *Seabrook*, namely, whether the design was a mere refinement of commonly adopted and well-known forms of ornamentation for products of that type. The designs presented constituted evidence on this issue. If there was an absence of evidence on this final factor of the *Seabrook* test, the lack of evidence supports, rather than detracts from Sunburst's proof of inherent distinctiveness.

This Court has held that no proof of source association is necessary if the design is inherently distinctive, yet the Second, Third, Seventh, Tenth and Federal Circuits are requiring proof that the trade dress "intrinsically functions as a source identifier" as a pre-condition to recognizing that it is inherently distinctive. *Knitwaves*, *Duraco*, *Thomas & Betts* and *Vornado Air Systems v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995). The Eighth Circuit and certain district courts in the Second Circuit recognize the fallacy of this circular standard which can only be satisfied by proof of actual source association. *Stuart Hall Co., Inc. v. Ampad Corp.*, 51 F.3d 780 (9th Cir. 1995) and *see, e.g., Krueger Int'l, Inc. v. Nightingale, Inc.*, 915 F.Supp. 595 (S.D.N.Y. 1996).

THE FEDERAL CIRCUIT DID NOT SIMPLY EMPLOY AN ALTERNATIVE EVIDENTIARY STANDARD OR MISAPPLY A PROPERLY STATED RULE OF LAW

The Federal Circuit did not merely misapply a "properly stated rule of law." The Federal Circuit applied a rule of law in direct conflict with this Court's decision in *Two Pesos*. The Federal Circuit misquoted *Two Pesos*, just as the Second and Third Circuits have, when it stated, "What is necessary is that the design must intrinsically identify the particular source of the products." *Two Pesos* in fact stated, "If it [the trade dress] is [inherently distinctive], it is capable of identifying products or services as coming from a specific source and secondary meaning is not required." 505 U.S. at 773, 112 S.Ct. at 2760. The Federal Circuit's misconstruction of *Two Pesos* engrafts the requirement of the proof of secondary meaning as a condition of protection for inherently distinctive designs.

The Federal Circuit's standard for inherently distinctive trade dress is higher than the standard for protection of trademarks generally. This Court has held that the test for protection of trade dress is the same as the test for protection of trademarks. *Two Pesos*.

Nor did the Federal Circuit merely employ an alternative evidentiary standard. The so-called alternative evidentiary standard

applied in this case is inconsistent with the proper rule of law. The Federal Circuit's decision shows that it wrongly concluded, "evidence of 'unique and unusual' design or features is not 'linked' or probative of 'identification of source.'" The Federal Circuit also wrongly and inconsistently claimed that the testimony of employees and of the trade is not an indication of probative source identification and is not representative of consumers in this case. *See Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir. 1995) (employee and industry testimony of uniqueness was sufficient to support a jury verdict of inherent distinctiveness).

While it is true that the Supreme Court does not typically review evidentiary or factual issues, the Supreme Court will review cases with "significant policy implications." *See Summer v. Mata*, 449 U.S. 539 (1981). Even if this case is construed as only an evidentiary disagreement, and it should not, this case involves significant policy implications. As noted in the petition, over 570 cases since this Court's decision in *Two Pesos* in some manner reference trade dress. Every trade dress case involves the question of protectibility of the trade dress and, in most cases, the trade dress is claimed to be inherently distinctive. This case involves the question of the standard to be applied for evaluating inherently distinctive trade dress.

This Court's consideration and decision in this case will provide much needed guidance to courts and parties throughout the land on what evidence is necessary and what proofs are adequate to prove inherent distinctiveness.

This Court now must resolve the real and vocal conflict between the circuits. This Court must decide whether, as a condition of protection, (a) it is necessary to prove that a unique, uncommon and unusual design actually or intrinsically serves as a source identifier; (b) it is necessary to prove that a unique, uncommon and unusual design serves primarily as a trademark; (c) it is necessary to prove that a design is memorable; (d) it is necessary to prove that a design is conceptually separable from the product; and (e) whether employee and industry testimony is probative of inherent distinctiveness.

BOTH THE PETITION AND THE BRIEF IN OPPOSITION DEMONSTRATE THAT THE FEDERAL CIRCUIT FAILED TO FOLLOW WELL-ESTABLISHED STANDARDS OF JUDICIAL REVIEW

Respondent makes great efforts to cast this case as involving no more than a disagreement about the weight of the evidence. The effort is visibly transparent and, in fact, serves to illustrate how far the Federal Circuit deviated from the usual course of judicial proceedings in holding that there was "*no* evidence presented in support of the *Seabrook* factors." (Emphasis added)

As shown in the Petition and as repeatedly referred to by the Brief in Opposition, Sunburst introduced at trial hundreds of luggage designs, all of which were admittedly in the marketplace prior to the introduction of the Rear Gear® waist pack. Respondent does not challenge that these designs were in existence prior to the introduction of the Rear Gear® waist pack, and CYRK provided no evidence to unequivocally establish that these designs were not in the marketplace at the time of Sunburst's product's introduction. CYRK's challenge is misguided. The inquiry about uniqueness relates to all designs previously known. Therefore, the designs introduced by Sunburst were relevant to consideration of uniqueness. CYRK could have and should have come forward with evidence of any other designs similar to the Sunburst design relevant to the jury's consideration.

Similarly, the Federal Circuit apparently did not recognize that Sunburst's design patent over the waist pack is evidence relevant to an inherent distinctiveness determination. A design patent is evidence of novelty and unobviousness of the design relative to all other known designs, and therefore is evidence of uniqueness, an element of the *Seabrook* standard.

Evidence of Sunburst's sales representatives' comments is also evidence of source association of other designs. CYRK forgets to mention that it waived any hearsay objections by failing to object. The evidence therefore was properly before the Court and was never stricken. The jury could and indeed did consider the evidence as probative of source association since the sales representatives

inquired whether the copy of the Sunburst waist pack, bearing only the Marlboro® logo, came from Sunburst. This is a very strong indication that the waist pack design served as a source indicator at least to employees and members of the trade. As the Federal Circuit has held in *Imagineering*, the testimony of employees of the trade is probative of source association.

CYRK's admission of copying is also evidence of distinctiveness. In this case, CYRK claimed justification to copy, in that its experienced personnel did not believe the design to be unique and its patent counsel found no reason not to copy it. However, patent counsel did not conduct a trade dress analysis and CYRK's own personnel had no knowledge or training of trade dress. These facts were both established in the record.

CYRK's acknowledgment that the kidney-shaped bottle, which was part of the trade dress, was distinctive, is evidence of the distinctiveness of the trade dress as a whole. CYRK now claims the bottle was not part of the this trade dress, but CYRK has never been able to explain to the jury, the trial court or the Court of Appeals what gives CYRK the right to define Sunburst's trade dress.

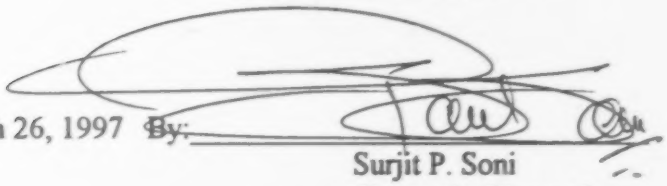
As shown above, the Federal Circuit's statements that evidence of the uniqueness of Sunburst's design is not probative of inherent distinctiveness is completely out of line with the law. It is therefore clear that the Federal Circuit far exceeded its province in concluding that there was no evidence in support of the jury's finding of inherent distinctiveness and in substituting its judgment over the judgment of the jury as to the weight of the evidence. The exercise of this Court's supervisory powers are therefore necessary.

As articulated by the Ninth Circuit, "viewing the evidence as a whole, and in the light most favorable to the non-moving party," substantial evidence supports the jury's verdict and any contrary conclusion is an unreasonable conclusion. *See Los Angeles Memorial Coliseum Commission v. National Football League et al.*, 791 F.2d 1356, 1360 (9th Cir. 1986). The Federal Circuit improperly ignored and weighed the evidence to impose a result it found preferable to the jury's verdict. Grant of this Petition will allow correction of this error.

CONCLUSION

This Petition should be granted to resolve the conflict amongst the Circuits and to correct the errors of the Federal Circuit in this case.

Respectfully submitted,
SHELDON & MAK



Dated: March 26, 1997 By:

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